

Empowerment Zone Tax Credit (15-30-182 MCA)

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- Eligibility: Individual, corporations, small business corporations, pass-through entities and partnerships. Local governments can establish empowerment zones to encourage economic development. Among other criteria, unemployment within the empowerment zone area must be at least 150% of the statewide average unemployment or poverty rate in the 2 years prior to creation of the empowerment zone.
- Qualifying Expenditures:
 - Business must be located in a facility within the empowerment zone;
 - Less than 10% of the business is from retail sales of tangible personal property, other than that manufactured in the facility;
 - Shall increase employment within the empowerment zone from employees who:
 - work at least 1,750 hours per year in permanent employment intended to last at least 3 years;
 - were not employed in the business within the 12 preceding months;
 - at least 35% are residents of the county at the time of their employment;
 - are provided a health benefit plan of which at least 50% of the premium is paid by the business;
 - are paid for job duties performed at the empowerment zone location;
- Benefit: for individuals or corporations meeting eligibility criteria, the credit against income tax liability for each qualifying employee is \$500 for the first year of employment; \$1,000 for the second year of employment and \$1,500 for the third year of employment. If the credit exceeds the taxpayers' income tax liability, the credit may be carried forward 7 years and carried back 3 years.

In addition to the income tax credits, the employer is also entitled to a credit against the taxes imposed by 33-2-705, MCA, the insurance premium tax. The credits against the tax are the same as listed above.